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26 May 1953

Copy No. 67

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 50  
NO CHANGE IN CLASS. X  
DECLASSIFIED  
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE: 2009  
AUTH: HR 70-2  
DATE 12-21-79 REVIEWER:           

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

State Department review completed

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GENERAL

1. Pravda article stresses Anglo-American differences:

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[REDACTED] Ambassador Bohlen comments that the most striking feature of the 24 May Pravda editorial is its open attempt to play up to the British government, and in particular to Churchill personally, in order to exploit Anglo-American differences. Bohlen considers that these differences are unquestionably greatly exaggerated in Soviet thinking.

Pravda gives definite support to Churchill's proposal for a high-level meeting to include the USSR, but warns that the proposed Bermuda conference of the three Western powers would prejudice a four-power meeting. Ambassador Bohlen suggests that the editorial may foreshadow some official Soviet approach for a four-power meeting in order to forestall a three-power conference.

Pointing out that the editorial is in complete harmony with Stalin's Bolshevik article of last October, the ambassador notes that it confirms that the new regime "is adopting different methods rather than departing in important respects from previous Soviet policy under Stalin."

2. Belgium alone supports US in opposing proposed Italo-Czech trade agreement:

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[REDACTED] Belgium was the only COCOM member to join the United States on 22 May in opposing the proposed Italo-Czech trade agreement under which Italy would export \$1,000,000 worth of embargoed bearings. France, Denmark, and Norway voiced approval of the agreement, while Britain and three other members expressed hope that the quantity of embargoed bearings could be reduced.

Nearly all the delegates, taking the view that Italy was the best judge of its own political, economic and social difficulties, emphasized the easing of the cold war in defense of their attitude.

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[REDACTED]

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Comment: The positions taken by most of the national delegates are indicative of the growing opposition in COCOM to the American position on strategic trade with the Soviet bloc. As late as 5 May the British delegate told American officials that he regarded the proposed Italo-Czech deal as an "open and shut case warranting rejection."

3. British member of parliament seeks release of Sanders in Budapest:

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According to the British legation in Budapest, Harold Wilson, former president of the British Board of Trade, visited Hungary at the suggestion of Soviet foreign trade minister Mikoyan to discuss the case of Edgar Sanders. During a conversation with Wilson in Moscow, Mikoyan agreed that the continued imprisonment of Sanders was a hindrance to East-West trade.

Wilson, however, received no encouragement from Hungarian officials when he suggested that Sanders be given an amnesty without a quid pro quo in the hope that trade between Britain and Hungary would be resumed subsequently. Nevertheless, Wilson told British legation officials in Budapest that he was "optimistic."

Comment: The British embassy in Moscow thinks that Sanders may soon be released, possibly as a result of Wilson's efforts. Wilson's rebuff by Hungarian officials in Budapest may be because they lacked instructions from Moscow.

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### SOUTHEAST ASIA

5. Salan says Paris dictates defensive policy in Indochina:

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General Salan in a recent off-the-record press interview in Hanoi explained his lack of military success by stating that he was under a "secret and personal directive from Paris" to incur no casualties and to refrain from attacking the Viet Minh except in a last-ditch defense of the Tonkin delta.

Comment: This explanation is at variance with Salan's recent statement to Governor Tri of Tonkin that, despite urging from Paris, he was unable to undertake any offensive actions for lack of troops. He said he had intended to warn his successor, General Navarre, "not to allow himself to be pushed into making a premature offensive."

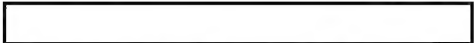

The long French record of failure to exploit military opportunities indicates that there is a high-level policy, whether it originates in Paris or Saigon, against vigorous prosecution of the war. This defensive attitude is explained, according to many observers, by French fear of larger Chinese Communist participation:

6. Letourneau reportedly urges Indochinese agitation for increased freedom:

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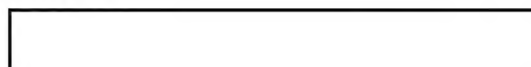


Minister Letourneau,   
 has made frank statements to Bao Dai and Governor Tri of Tonkin suggesting

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that this would be a propitious time for the Associated States to agitate for more freedom. He pointed out that by devaluating the Indochinese piaster, France violated the agreements governing its relations with the Associated States and thus a renegotiation looking to greater independence could be argued.

Comment: Letourneau's disgruntlement over the devaluation of the piaster without his prior knowledge would be the most likely explanation for such an approach. Statements of this sort by France's top representative in Indochina could only reinforce the Associated States' already apparent attitude that the devaluation opens the way for concessions.

7. Quirino's renomination seen threatening bloodshed in November elections:

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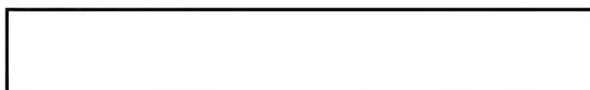
The American embassy in Manila comments that the manipulation of the Liberal Party convention in Manila on 24 May by President Quirino and his supporters confirms the president's intention to obtain re-election at any cost. The embassy believes that the result will be all-out corruption with serious danger of bloodshed in November.

The embassy believes that Romulo, rather than continue with his plans for a third party, may accept reported Nacionalista offers to support him as a candidate for the senate presidency or to re-appoint him to his former position as ambassador to Washington and the United Nations in return for his support of Magsaysay.

Comment: President Quirino won office over Nacionalista candidate Laurel in 1949 by means of extensive fraud and coercion. The elections in 1951 were relatively clean, but the presidency was not at stake.

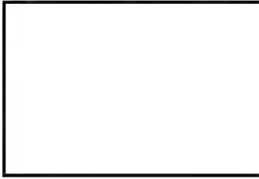
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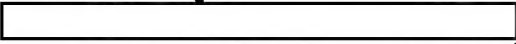


**8. Indonesian cabinet reportedly about to fall:**

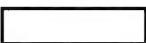
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The Indonesian cabinet is expected to fall in the near future, 


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 Vice President Hatta has been approached to form a nonpolitical cabinet.

The Communist Party prefers to see the present cabinet remain in office, and at least one Communist newspaper recently criticized Hatta as a "tool of the West."

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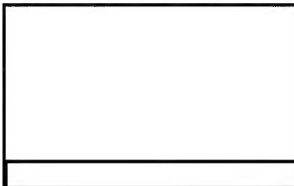
Comment: 

 an imminent cabinet collapse. Although several political groups are highly critical of the cabinet, no one appears willing to assume responsibility for forcing it to resign. The Communists would oppose a government led by the conservative Hatta, who might be expected to curb their expanding influence.

The over-all Indonesian situation has deteriorated seriously since October 1952. Governmental inefficiency and indecision have been complicated by the political ramifications of a split in the army which has permitted increased insurgency.

**NEAR EAST - AFRICA****9. Iranian labor union seeks 140 Mexican oil technicians:**

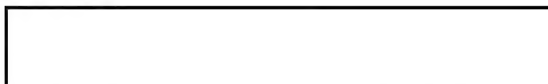
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An Iranian oil workers' union has reportedly asked the Mexican Oil Workers' Union to help obtain 140 technicians and engineers for the National Iranian Oil Company (NIOC).

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Comment: Iran had once before asked Mexico for oil technicians but without result, probably because of the shortage of technicians in the Mexican petroleum industry. [REDACTED]

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Prime Minister Mossadeq has thus far been frustrated in his attempts to get even a small number of American technicians, and the NIOC has not been able to get American training for Iranian technicians.

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11. Jet flights reportedly observed at East German air base:

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Air activity involving MIG-15's was observed at Cottbus airfield in late April and single flights of Type-29 aircraft were observed on 18 May, [REDACTED]

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[REDACTED] about 100 MIG-15 and Type-29 aircraft were shipped to Cottbus in April, and the training of East German air force pilots in these aircraft is believed to have been started.

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Comment: The Type-29 aircraft is a modified MIG-15 with two seats and reduced armament; it is normally used for the transition training of jet fighter pilots. The observation of MIG trainers at Cottbus would tend to confirm previous reports [REDACTED]

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[REDACTED] that jet training for East German pilots is under way.

12. Pressure seen growing in France for withdrawal from Indochina:

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[REDACTED] Ambassador Dillon states that although the growing pressure in France for a negotiated settlement and withdrawal from Indochina has not yet reached dangerous proportions, it can be expected to have more effect now than ever before. If the new command in Indochina, coupled with American assistance, creates a new sense of hope for a real victory, however, the sentiment for withdrawal should again recede.

Dillon believes that the government must soon offer the National Assembly a definite hope of a long-range solution.

Comment: The vigorous parliamentary debate expected shortly after a new French government is formed should reveal the extent of dissatisfaction over past Indochina policy. A withdrawal is unlikely unless the French position in Indochina becomes much worse.

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[REDACTED]